



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

December 3, 2009

Keith Krantz, Vice President
Northrop Grumman Guidance and Electronics Company, Inc.
21240 Burbank Blvd.
Woodland Hills, CA 91367

Dear Mr. Krantz:

RE: FINAL MONITORING REPORT for Northrop Grumman Guidance and Electronics Company, Inc. – ET08-0180

Date of Visit	11/09/09
Time of Visit	9:30 a.m. – 2:15 p.m.
Location of Visit	Woodland Hills
Persons in Attendance	Robert Woolsey, Manager, Workforce Development, NGG&EC Theresa Chavez, Training Coordinator, NGG&EC Monique Webb, ETP Contract Analyst Naomi Weingart, ETP Contract Analyst
Date of Last Visit	12/10/08
Action Required	No

CONTRACT INFORMATION

Term of Agreement	08/27/07 – 08/26/09	Agreement Amount	\$1,200,150
Type of Trainee	Retrainee	Number to Retain	889
Training Start Date	08/28/07	Range of Hours	24-180
Date Training Must Be Completed	05/28/09	Weighted Avg Hrs	75

FINAL REPORT SUMMARY

Project Statistics Provided by the Contractor

Trainees Started Training	1,372	Completed Training	285
Trainees Enrolled	1,611	Completed Retention	280
Dropped Following Enrollment	3	In Retention Period	0
No. Completed Minimum Reimbursable Hours	285		

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Final Report Summary (continued):

Your Agreement was approved at the August 24, 2007 Panel meeting. Training began August 28, 2007 and ended May 28, 2009. Three Modifications were done during the Agreement term: one to change the company name from Litton to Northrop; and two to add classes to the curriculum in Exhibit B of the Agreement.

Your records and ETP online statistics show that overall, program staff provided a total of 20,721 training hours to 1,372 trainees. However, just 285 trainees completed the 24-hour minimum needed for ETP reimbursement, and received a total of 11,670 hours of training x \$18/hour = \$210,060, or 18% of the funding that you invoiced for potential validation and payment by the ETP Fiscal Unit. A total of 1,087 trainees received less than 24 hours of training and could not be reimbursed (note: Project Statistics on Page 1 and the data in this paragraph have not been adjusted by the findings below under **Attendance Rosters**).

According to Mr. Woolsey, the ETP training program emphasized process awareness, and trainees are now more knowledgeable about process improvement and better able to meet customer requirements. Leadership skills and coaching were also highlighted and led to improved team performance and an overall increase in output.

Mr. Woolsey indicated that several internal changes affecting overall contract performance took place during the two-year Agreement term. Your company had identified 2008 as a year for significant process training, but due to changes in management and priorities, many of the planned instructor-led classes were converted to individual self-learning sessions. While meeting company goals and objectives, much of this training was not eligible for ETP reimbursement. Mr. Woolsey also commented that in the future, he would do more pre-planning to better define departments training needs.

Ms. Chavez reported that she did not experience any significant problems with the ETP online systems. However, due to the sophisticated nature of your business, Northrop would have liked the flexibility to input user-specific data to be able to generate reports by department. A suggestion was made to add some space online for company-specific data. Ms. Chavez felt that ETP monitoring assistance was adequate and stated that she received timely responses from the Sacramento Help Desk.

ATTENDANCE ROSTERS

The Monitors reviewed complete class/lab records for 40 trainees. In 33 instances, ETP requirements were met and properly documented on the sampling: the Training Plan was followed; the curriculum was provided as specified; and the 1:20 or 1:10 trainer to trainee ratio was maintained.

However, rosters for seven trainees showed anomalies involving too many or too few hours reported in the ETP online tracking system. After review and follow up by Northrop program staff, both parties reached the following conclusions:

Attendance Rosters (continued):

Issue	Calculation	Plus	Minus
2 trainees were short 4 hours each (Aja and Lindemann)	8 hours X \$18 = \$144.00	\$144.00	
3 trainees received credit for hours while acting as trainers (Lindemann, Abraham, and Gilliland)	5 hours x \$18 = \$90.00		[\$90.00]
3 trainees were credited with 10 hours instead of 5 hours on 10/8/08 which, when deducted from their total hours, put them below the required 24-hour minimum for reimbursement (Libitsch, Cerbini, and Jordan on Roster 80256B)	27 + 25 + 26 hours = 78 hours x \$18 = - \$1,404		[\$1,404.00]
10 additional trainees on Roster 80256B were credited with 10 hours instead of 5 hours, but still met the 24-hour minimum	10 x 5 = 50 hours x \$18 = \$900.00		[\$900.00]
Total		\$144.00	[\$2,394]
Total Earnings in Question	\$2,394 - \$144		[\$2,250]

These findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. It is your responsibility to ensure that 100% of all training records are in compliance with Panel requirements (Reference: Title 22 California Code of Regulations, Section 4442).

INVOICES

No invoicing was done during the Agreement term. At closeout, one progress payment and one final payment invoice were submitted on September 24 and 25, 2009. Your company was reimbursed for approved earnings of \$207,024. Project staff indicated by telephone that they would hold the check until notified by the ETP Fiscal Unit with a resolution to the issues delineated above under **Attendance Rosters**.

Staff was advised that the records reviewed were only a sampling, and that you should verify that all your records are in conformance with ETP requirements.

AUDIT

Northrop Grumman Guidance and Electronics Company, Inc. will be notified in writing if this Agreement is selected for a field audit (conducted at your worksite) or a desk audit (conducted by telephone). Audit Notification and Confirmation letters will be sent in advance to allow ample preparation time, and will include a list of documentation that the auditor may examine. Original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

Audit (continued):

- Training attendance records such as rosters and sign-in sheets;
- Payroll records of individual trainees to verify wages and hours worked;
- Personnel records regarding occupations and dates of employment;
- Documentation of employer paid health benefits (if applicable); and
- Cash receipts to verify receipt and accounting of ETP funds.

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

Please contact your Monitoring Analyst within ten working days at (818) 755-3633 or nweingart@etp.ca.gov if you have any questions or comments. Thank you for your participation in the ETP training program. We look forward to working with you again in the near future.

Sincerely,

Signature on file

Wally Aguilar, Program Manager
North Hollywood Regional Office

Signature on file

Naomi Weingart, Contract Analyst
North Hollywood Regional Office

Cc: Robert Woolsey, Manager, Workforce Development, Northrop (email)
Theresa Chavez, Training Coordinator, Northrop (email)
David A. Guzman, ETP Chief, Audits & Program Operations Division (email)
Kulbir Mayall, ETP Fiscal Manager (email)
ETP Master File
ETP Project File

Date report mailed to Contractor 12/7/09